

**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVES DEPARTMENT**

**REVIEW OF BUSINESS RATES**

**Issued to:** Jayne Carpenter, Revenues & Benefit Manager,  
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**Prepared by:** Principal Auditor,

**Reviewed by:** Head of Audit & Assurance,

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**Report No.:** CEX/10/2019/AU

## REVIEW OF BUSINESS RATES

### INTRODUCTION

1. This report sets out the results of our audit of Business Rates for 2019-20 and 2020-21. The audit was carried out as part of the work specified in the 2019-20 and 2020-21 Internal Audit Plans agreed by the Section 151 Officer and Audit Sub-Committee. This was delayed due to the COVID-19 pandemic and carried forward into the Internal Audit COVID-19 Recovery Plan 2020-21. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. This audit included the following areas :-
  - The 12 month business rate holiday for all retail, hospitality and leisure businesses in England
  - The 12 month business rate holiday for childcare providers for 2020-21, where premises are wholly or mainly used for the provision of the Early Years Foundation Stage
  - Collections
  - Arrears
  - Refunds
  - Exemptions

This combined review also looked at the Business Improvement Districts (BIDs). A Business Improvement District (BID) is a business led and business funded scheme to improve a defined commercial area, such as a town centre or industrial estate through additional services or new initiatives. There are four BIDs within the borough; Bromley, Beckenham, Orpington and Penge and the BIDs are funded through a levy calculated on the rateable value of all businesses within the BID area.

Local businesses will vote on a BID proposal which clearly defines how the additional monies will be spent within the BID area, and over the BID term, which is usually 5 years.

3. This review also included the follow up of the previous two audit recommendations made within the Business Rates Audit 2018-19. These related to the refunds and documentation being held on Images at Work system.
4. We would like to thank all staff contacted during this review for their help and co-operation.

## REVIEW OF BUSINESS RATES

### AUDIT SCOPE

5. The original scope of the audit was outlined in the Terms of Reference issued on July 21<sup>st</sup> 2020. This replaced the Terms of Reference for the Audit that was underway and suspended when the lockdown due to Covid 19, was implemented.
6. The key risks reviewed within this audit are
  - Business Rates are not collected accurately or in a timely manner.
  - Refunds may not be due or supported by relevant documentation.
  - Monitoring of business rates may not be undertaken on a regular basis
  - Changes to processes, due to the pandemic, have not been consistently applied.
7. Random samples were selected across the individual areas of review from the reports provided from management. The individual details of each sample were then reviewed on Academy.

From the sample testing undertaken, no issues arose. Changes to processes, due to the pandemic, had been consistently applied. One issue arose regarding BIDs. It was found that for the BIDs for Bromley, Beckenham and Penge these are invoiced via one system and different system is used for Orpington. It was confirmed that each BID area chooses which collection method they would like to use (either 'Daily Charging' or 'Chargeable Day'). Orpington BID is the only one that uses the 'Daily Charging' method of collection and therefore different systems are used.

8. The BIDs are private organisations and therefore we as a Council do not have any influence over which method they choose. The contracts for the individual BIDs are for a fixed term. As a result, no recommendation has been made.
9. It was also found that for the two previous audit recommendations, one had been implemented and the second one was redundant.

## REVIEW OF BUSINESS RATES

### AUDIT OPINION

10. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Substantial Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
(0)	(0)	(0)

### SUMMARY OF FINDINGS

11. There are no recommendations made within this report. Therefore, there is no Appendix A.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings

## OPINION DEFINITIONS

## Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

## Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.